



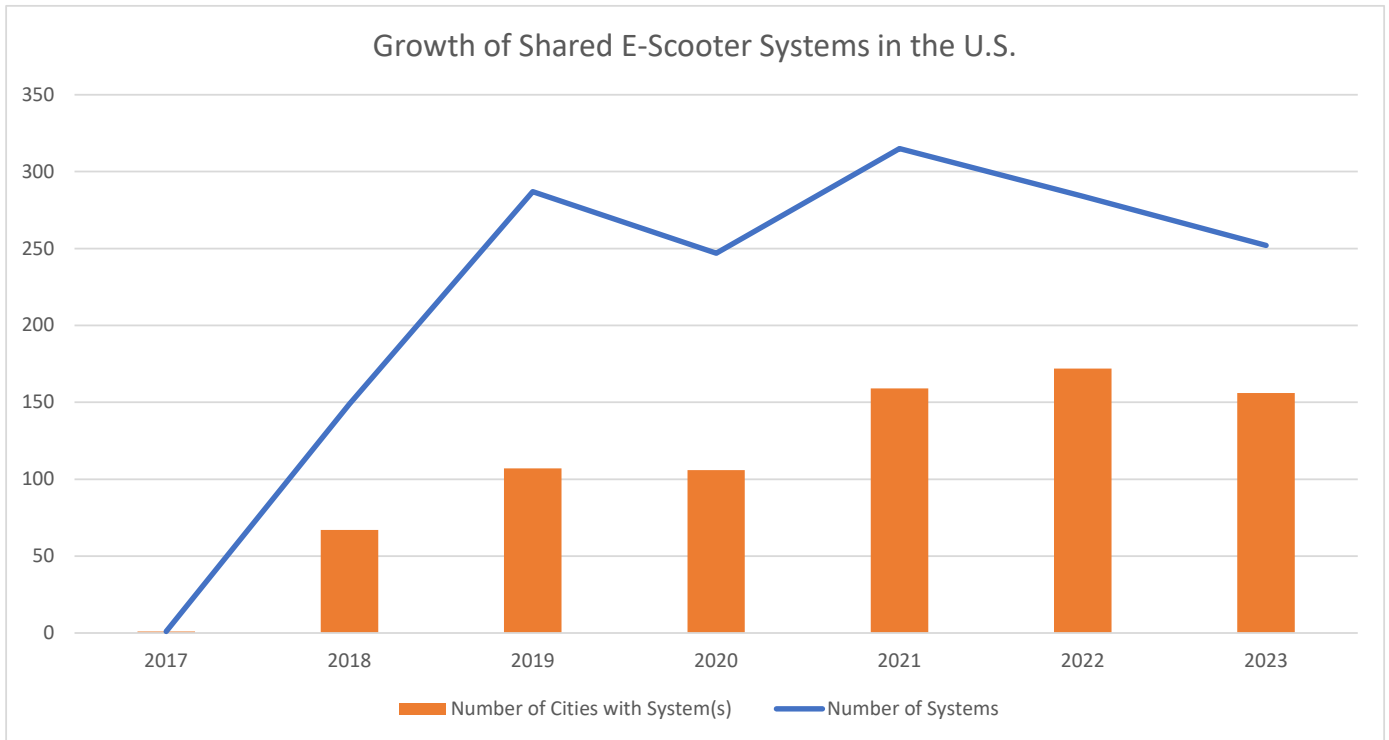
## E-Scooters: Do Riders Have Insurance Coverage?

Electric scooters, commonly referred to as e-scooters, have exploded in popularity in recent years. In the United States, these vehicles are rapidly gaining ground as an eco-friendly alternative to public transit and a convenient mode of “first- and last-mile” transportation for commuters, students, and recreational users.

The growth of shared e-scooter systems has played a large role in the increased use of e-scooters in the U.S. According to the [U.S. Department of Transportation’s Bureau of Transportation Statistics](#), the number of cities with shared e-scooter systems has increased substantially since they first appeared in 2017. As of July 2023, there were 252 shared e-scooter systems in 156 U.S. cities (not including systems on college or employer campuses).

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Source: "Bikeshare and E-scooter Systems in the U.S." U.S. Department of Transportation, Bureau of Transportation Statistics, updated July 10, 2023. <https://data.bts.gov/stories/s/Bikeshare-and-e-scooters-in-the-U-S-/fwcs-jprj/>

Owning or renting an electric scooter can be both convenient and affordable. E-scooters are often powered by rechargeable batteries, allowing owners to enjoy energy savings over costlier gas-powered modes of transportation. For renters, the initial costs involved can be as low as \$5 for a 20-minute ride, with additional fees for longer rides.

While electric scooters offer many great advantages and have the potential to help reduce traffic congestion, they also come with their own set of challenges. Three key considerations are safety, regulations, and insurance.

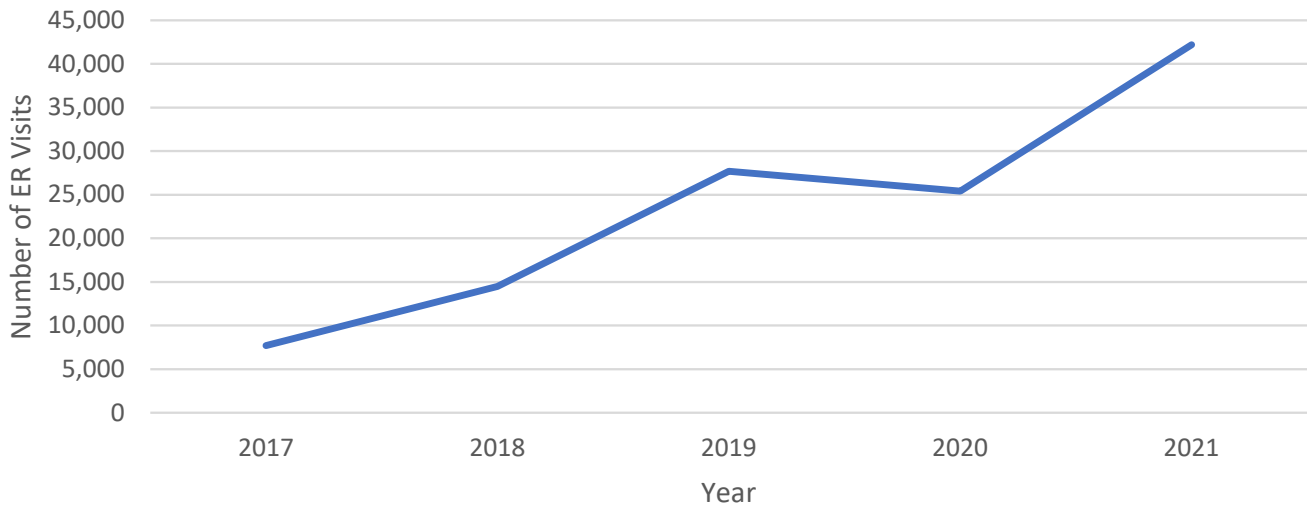
## SAFETY

As the popularity of electric scooters has grown, the risks associated with their use have become a major concern.

The [U.S. Consumer Product Safety Commission](#) reported that an estimated 117,600 injuries related to e-scooters were treated in emergency rooms across the United States from 2017 through 2021. During this same timeframe, there were 68 deaths resulting from e-scooter use. The graph on the following page shows a steady increase in e-scooter-related injuries from 2017 to 2021, except for a dip in 2020 that can be attributed to the pandemic.



## Estimated ER Visits Associated with E-Scooter Injuries



Source: "E-Scooter, E-Bike and Hoverboard Injuries and Deaths Are on the Rise; Celebrate National Fire Prevention Week with the Safe Use of Micromobility Products." United States Consumer Product Safety Commission, October 11, 2022. <https://www.cpsc.gov/Newsroom/News-Releases/2023/E-Scooter-E-Bike-and-Hoverboard-Injuries-and-Deaths-Are-on-the-Rise-Celebrate-National-Fire-Prevention-Week-with-the-Safe-Use-of-Micromobility-Products>



These totals include both owned and rented scooters. However, [a follow-up survey](#) of the 40,000+ ER visits related to e-scooter injuries in 2021 revealed that 56% of injuries involved owned or borrowed scooters, while the other 44% involved rental scooters.

The growth in e-scooter-related injuries can be attributed to several factors, including the following:

- Overall increase in the number of owned and rented scooters;
- Inexperienced users of e-scooters;
- Use of e-scooters on both roadways and sidewalks, causing confusion for both riders and pedestrians;
- Lack of uniformity in laws and regulations across cities in the U.S.; and
- Low usage of safety equipment by riders.

In spite of the risks posed by e-scooters, there are some steps that riders can take to better protect themselves and others. Though the operation of electric scooters is straightforward, proper use is important in order to avoid injury. E-scooter riders should always wear a helmet when riding. It's also important to make sure that the scooter is charged before use and has no mechanical issues.

Riders should use common sense while riding, such as not driving too fast and maintaining proper distance from pedestrians and other vehicles at all times. Finally, it's important to be aware of the weather — if it's raining, icy, or otherwise slippery, it's best to avoid riding an e-scooter altogether.

## REGULATIONS

Laws regulating the use of e-scooters vary from state to state, and even city to city.

In [Minnesota](#), electric scooters are defined and regulated as “motorized foot scooters.” The law treats e-scooters similar to bicycles, meaning riders have the same rights and responsibilities as bicyclists. According to the statute, electric scooters may be operated on streets and highways and are required to be equipped with a headlight and taillight. A driver's license is not required, and the e-scooter does not need to be registered. When operating the e-scooter on public roads or highways, the rider should not travel on sidewalks except when necessary. The minimum age to operate an e-scooter is 12 years old, and only one rider at a time is permitted. Furthermore, the code mandates all riders under the age of 18 must wear a helmet approved by the Department of Public Safety.

In [Wisconsin](#), e-scooters are exempt from registration, but operators must observe many of the rules of the road. Electric scooters may be used on roadways, sidewalks, and bicycle lanes and must satisfy lighting and brake requirements. The law also stipulates that local jurisdictions are permitted to regulate shared scooter systems.

In [New York](#), e-scooters can operate on streets with a posted speed limit of 30 MPH or less. Users cannot operate e-scooters on sidewalks except as authorized by local law or ordinance. Cities and parks can further regulate the usage and operation.

In addition to these state laws, some cities have also established their own regulations governing electric scooters. For example, in [Seattle, Washington](#), scooters are prohibited on public sidewalks. In [Austin, Texas](#), operating on sidewalks is allowed in a reasonable and prudent manner. Some cities have imposed a speed cap and decided to allow for shared electric scooters. Other cities have banned electric scooters altogether.

There are still several states in the U.S. that have not introduced any legislation for the operation of electric scooters. Since the laws are ever evolving, it's important for riders to check their local and state regulations before operating an e-scooter.

## INSURANCE

One of the biggest questions for many consumers is whether they have liability coverage when they rent or own an electric scooter. The answer to this question isn't always black and white.

Most e-scooter rental companies have user agreements that state the rider is liable for any damage or harm caused by the operation of the e-scooter. While there are some rental companies that indicate injured riders and third parties would be covered by the company's insurance, the details of that coverage are not clear. Given this information, it is important that riders ensure they have their own coverage in place when operating a rented e-scooter.

Only a few insurance companies offer policies specifically designed for owners of electric scooters. The scooter policy offered by these companies typically provides Collision and Comprehensive coverage as well as Property Damage and Bodily Injury Liability protection. Similar to an auto or motorcycle policy, it also provides Uninsured/Underinsured and Medical Payments coverage.

However, at this time, the number of companies offering this type of policy is limited, so most



riders are relying on coverage from one of their existing policies. Will the rider's personal auto or homeowners policy provide liability coverage when they are operating a rented or owned e-scooter? Since these policies can vary from company to company, we will look at Insurance Services Office (ISO) policies to answer this question. Not all insurance companies utilize ISO forms, but those who do not typically have language similar to ISO's.

## PERSONAL AUTO POLICY

Let's first take a look at **ISO Personal Auto Policy PP 00 01 09 18**. This policy contains an exclusion indicating no liability coverage will be provided for the ownership, maintenance, or use of any vehicle that has fewer than four wheels. This language is also common in most companies' standard auto policies.

Since e-scooters have two wheels, liability coverage for the rider, whether they rent or own, will not extend from their personal auto policy.

## HOMEOWNERS POLICY

Could the homeowners policy provide liability insurance protection for the rider? We will use **ISO Homeowners 3 – Special Form HO 00 03 03 22** policy to help us answer this question.

### E-Scooters Owned by the Insured

Let's first look at an e-scooter owned by the insured. **Homeowners 3 – Special Form HO 00 03 03 22** generally excludes motor vehicle liability coverage. In this policy, a motor vehicle is defined as "A land or amphibious vehicle that is self-propelled or capable of being self-propelled." E-scooters would fall under this definition and thus be excluded from coverage.

However, there are exceptions to this exclusion. The policy gives back coverage for a motor vehicle designed for recreational use off public roads (a category that generally includes e-scooters) and owned by an insured, provided the occurrence takes place on an insured location. This could provide the insured liability coverage when operating an e-scooter they own, but only if the accident occurs on an insured location as defined by the policy.

## ISO Changes Impacting Owned E-Scooters

Until recently, there was a gap in liability coverage for e-scooters the insured owns and operates off an insured location. The 2022 ISO changes included the introduction of updated endorsement form **HO 24 13 03 22 – Incidental Low Power Recreational Motor Vehicle Liability Coverage**. This form was modified to provide liability coverage for motor vehicles designed for recreational use off public roads that are owned by an insured while being used off an insured location, as long as the motor vehicle meets the following criteria:

- Was not built or modified after manufacture to exceed a speed of 28 miles per hour on level ground; and
- Is not a:
  - Moped; or
  - Motorized golf cart, regardless of its speed capability.

Depending on local laws and regulations, most e-scooters would meet the criteria for coverage under this endorsement.



### E-Scooters Not Owned by the Insured

**Homeowners 3 – Special Form HO 00 03 03 22** has an exception to the motor vehicle exclusion to provide liability coverage for motor vehicles designed for recreational use off public roads and not owned by an insured. Subject to local laws, this could provide liability coverage when an insured rents an e-scooter.

## Other ISO Changes Impacting E-Scooters

In addition to modifying endorsement form **HO 24 13 03 22 Incidental Low Power**

**Recreational Motor Vehicle Liability Coverage**, as discussed above, ISO also introduced two new endorsements in 2022 that impact e-scooters.

The first endorsement, **HO 24 03 03 22 – Non-Owned Motorized Bicycle And Motorized Scooter Liability Exclusion**, specifically excludes liability coverage for motorized scooters not owned by the insured. Insurance companies have the option of attaching this endorsement if they do not want to provide liability coverage for e-scooters the insured rents. This endorsement contains language that could provide liability coverage for e-scooters owned by an insured, but only when used at an insured location as defined by the policy.

The second new endorsement is **HO 24 04 09 22 – Motorized Bicycle And Motorized Scooter Liability Exclusion**. This new form fully excludes liability for both owned and non-owned e-scooters, regardless of where they are operated.

## Property Coverage

Our insurance coverage discussion so far has revolved around liability insurance. Let's take a look

at property coverage for e-scooters the insured owns. ISO **Homeowners 3 – Special Form HO 00 03 03 22** does provide property coverage for motor vehicles not required to be registered for use on public roads. This is likely to include e-scooters, so coverage could be provided under the Personal Property coverage section of the policy, subject to the perils insured and deductible.

For e-scooters the insured rents, we can look at the Additional Coverages section of the ISO Homeowners Policy. There is a \$5,000 limit of coverage for damage to property of others, which includes a motor vehicle that:

- Is designed for recreational use off public roads;
- Is not owned by an "insured"; and
- At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

This section of the policy may provide a limited amount of property coverage for an e-scooter the insured rents.



## SUMMARY

Although e-scooters are being used in more and more cities across the nation, it is evident they come with their own set of challenges.

For consumers, an electric scooter can be an affordable and convenient alternative to traditional modes of transportation. However, there are certainly concerns in regard to the safety of e-scooters as well as challenges in navigating the myriad of different laws and regulations across the United States. In addition, users need to be aware of what their insurance policy may cover in the case of an accident.

Insurance companies are faced with the challenge of evaluating the risks involved in the operation of both owned and rented e-scooters. Since e-scooters have just recently been introduced in the United States, there isn't a large amount of data to evaluate yet. In addition, the lack of uniformity in laws and regulations across the country creates additional complexity in providing solutions for insuring e-scooters.

As e-scooters continue to gain in popularity, it will be important for insurers to continue collecting data and evaluating the risks involved in their use in order to meet the needs of their customers.



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